

KERN COUNTY ECONOMIC FORECAST

Kern County is located at the southern end of California's Central Valley, just north of Los Angeles County. Agriculture is a vital component of the county economy, and total crop value consistently ranks in the top five of the most productive counties in the nation. Kern County has a population of over 842,000 people, together with 269,000 wage and salary jobs. The per capita income in Kern County is \$28,887, which is lower than the California state average. The average salary per worker in 2010 was \$49,752.

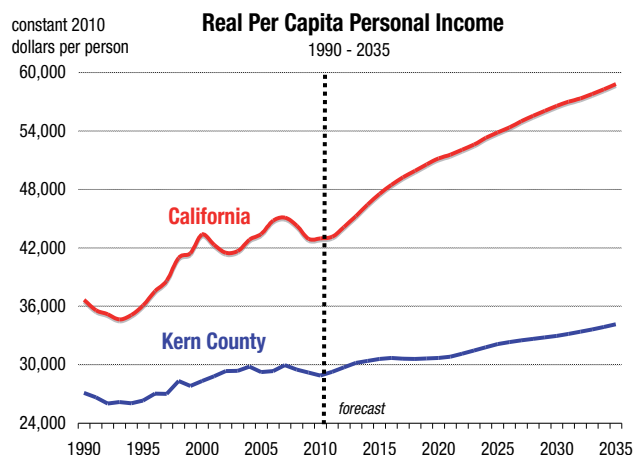
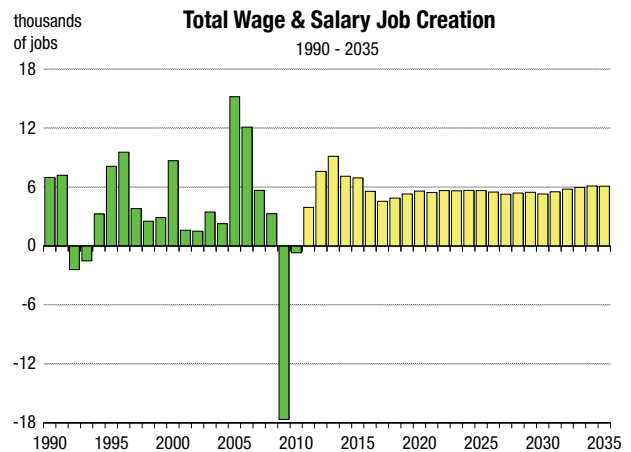
During 2010, 700 total jobs were lost in Kern County, representing an employment decline of -0.3 percent. Farm production rose dramatically, up over 30 percent from 2009, and the most productive year on record by a wide margin. The decline in non-farm employment was more substantial at -1.2 percent. The unemployment rate increased to 15.9 percent.

Employment in the construction sector fell by 900 workers, the fourth straight year of significant decline. Home production was slightly higher than in 2009, but remains extremely low. 700 positions were lost in state and local government, though this was offset by hiring of temporary census workers at the federal level. The only sectors to create employment during 2010 were farm and natural resources. Farm jobs are expected to expand modestly over the forecast period, but will decline as a share of total wage and salary jobs.

Between the 2000 and 2010 census the population of Kern County grew by 27 percent, the 3rd fastest growing county in California. The largest city is Bakersfield, which accounts for over 40 percent of the county population, and grew by 41 percent in the past 10 years. Most of the job base in the county is located in Bakersfield.

FORECAST HIGHLIGHTS

- Non-farm job growth is expected to increase 1.5 percent in 2011. Total wage and salary job growth is expected to average 2.5 percent per year between 2011 and 2016.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.6 percent per year from 2011 to 2016.
- Over the next five years, total employment is expected to rise more than 13 percent. Professional and business services, construction, wholesale trade, and transportation warehousing and utilities all grow by over 20 percent. Together these sectors create nearly 17,000 jobs, or 47 percent of all new jobs.
- Population growth has slowed in recent years, but is expected to accelerate to 2 percent again by 2013. The county will remain one of the faster growing areas of the state. Annual growth in the 2011 to 2016 period is expected to average 2.1 percent per year.

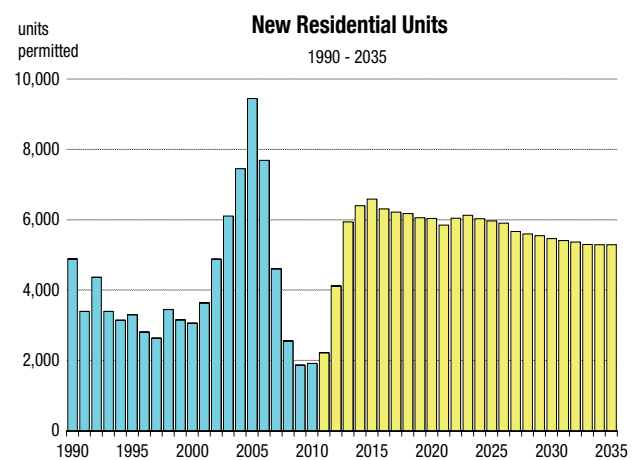
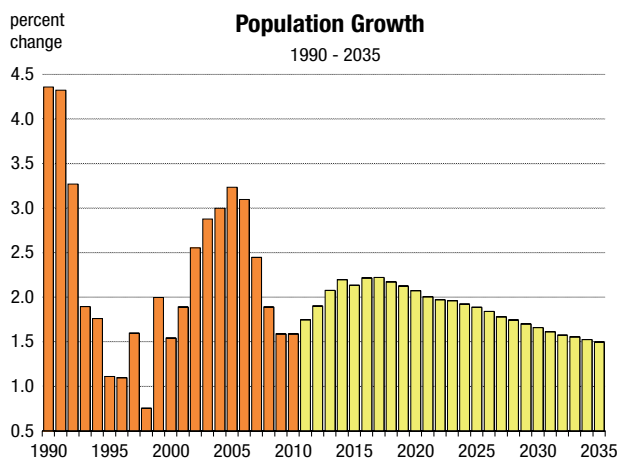


- From 2011 to 2016 net migration will rise as more job creation occurs. An average of 7,900 net migrants enter the county per year from 2011 to 2016.
- Real per capita incomes increase at a rate of 1.3 percent in 2011. An annual compound rate of growth of 0.9 percent is forecast from 2011 to 2016.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.9 percent per year between 2011 and 2016.
- Industrial production is expected to increase 3.0 percent in 2011. From 2011 to 2016, the growth rate of industrial production is expected to average 2.6 percent per year.
- Farm production is forecast to increase by 0.4 percent per year between 2011 and 2016. The principal farm product in the county is grapes.

Kern County Economic Forecast

2006-2010 History, 2011-2040 Forecast

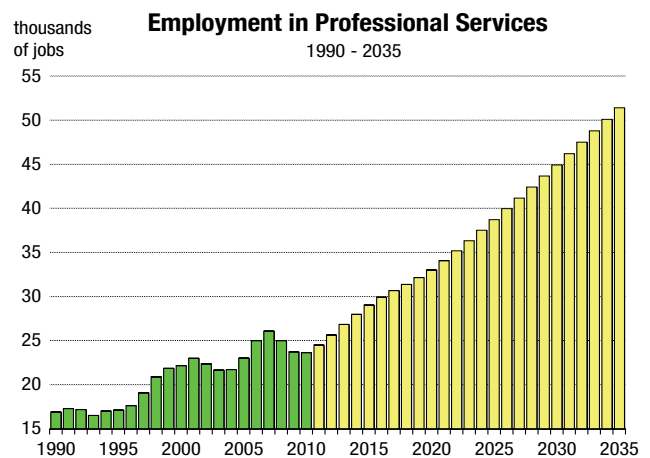
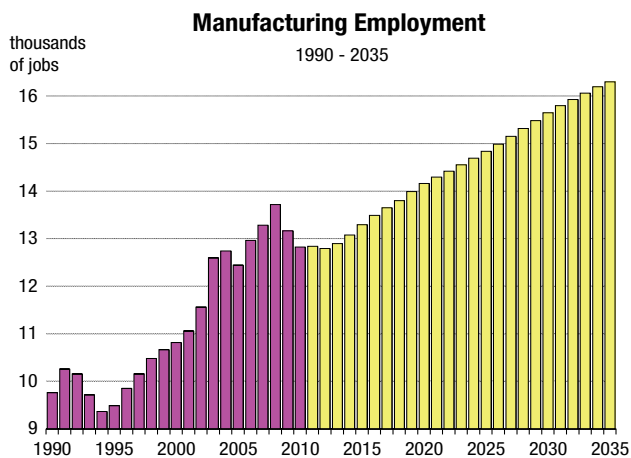
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	781,905	14,379	669	237	7,691	\$12.0	\$21.4	\$29,339	4.3	3.73	9.6	7.6
2007	801,040	9,238	672	244	4,608	\$11.9	\$23.1	\$29,946	3.3	4.25	9.9	8.2
2008	816,179	4,930	676	249	2,558	\$12.1	\$24.0	\$29,495	3.5	4.05	11.8	9.7
2009	829,153	3,393	678	252	1,868	\$9.9	\$23.9	\$29,199	-0.8	3.66	9.8	14.4
2010	842,333	3,673	681	254	1,920	\$10.2	\$24.3	\$28,887	1.2	4.76	9.6	15.9
2011	857,065	4,849	689	256	2,221	\$11.0	\$25.7	\$29,270	2.3	4.30	9.8	15.1
2012	873,400	6,498	700	258	4,119	\$11.8	\$27.2	\$29,735	2.3	4.34	10.0	13.7
2013	891,550	8,067	713	262	5,948	\$12.7	\$28.9	\$30,194	2.5	4.36	10.2	12.1
2014	911,138	9,164	727	267	6,399	\$13.4	\$30.5	\$30,386	2.7	4.38	10.5	10.8
2015	930,595	8,787	741	273	6,590	\$14.3	\$32.2	\$30,585	2.8	4.37	10.8	9.4
2016	951,228	9,782	756	279	6,310	\$15.2	\$34.0	\$30,685	2.9	4.40	11.2	8.6
2017	972,360	10,112	771	285	6,221	\$16.2	\$35.7	\$30,624	2.8	4.42	11.6	8.2
2018	993,452	9,925	785	291	6,175	\$17.3	\$37.4	\$30,590	2.7	4.45	12.0	8.1
2019	1,014,544	9,859	799	296	6,057	\$18.4	\$39.2	\$30,652	2.5	4.48	12.3	7.9
2020	1,035,571	9,778	813	302	6,034	\$19.5	\$41.0	\$30,684	2.3	4.46	12.7	7.7
2021	1,056,347	9,509	828	308	5,850	\$20.7	\$43.0	\$30,828	2.2	4.44	13.2	7.7
2022	1,077,179	9,473	843	313	6,045	\$21.7	\$45.2	\$31,120	2.3	4.48	13.6	7.7
2023	1,098,285	9,664	860	318	6,128	\$22.7	\$47.6	\$31,455	2.2	4.51	14.1	7.8
2024	1,119,398	9,586	877	324	6,030	\$23.8	\$50.1	\$31,789	2.2	4.55	14.6	7.8
2025	1,140,513	9,517	895	329	5,966	\$25.1	\$52.7	\$32,110	2.2	4.59	15.1	7.9
2026	1,161,478	9,306	913	335	5,904	\$26.3	\$55.2	\$32,329	2.2	4.60	15.7	7.9
2027	1,182,168	8,990	931	340	5,668	\$27.5	\$57.7	\$32,496	2.1	4.61	16.3	7.8
2028	1,202,802	8,887	948	345	5,597	\$28.8	\$60.3	\$32,651	2.2	4.63	16.9	7.7
2029	1,223,285	8,683	966	351	5,547	\$30.2	\$62.9	\$32,809	2.2	4.65	17.5	7.7
2030	1,243,599	8,457	984	356	5,468	\$31.6	\$65.7	\$32,956	2.2	4.63	18.2	7.6
2031	1,263,714	8,156	1,001	361	5,414	\$33.1	\$68.6	\$33,154	2.2	4.60	18.8	7.6
2032	1,283,678	7,893	1,019	366	5,372	\$34.7	\$71.8	\$33,384	2.2	4.66	19.5	7.6
2033	1,303,662	7,795	1,036	370	5,300	\$36.4	\$75.1	\$33,628	2.2	4.71	20.3	7.6
2034	1,323,567	7,606	1,053	375	5,295	\$38.1	\$78.5	\$33,878	2.3	4.75	21.0	7.6
2035	1,343,413	7,436	1,070	380	5,294	\$39.9	\$82.1	\$34,143	2.2	4.75	21.8	7.6
2036	1,363,224	7,295	1,087	385	5,283	\$41.8	\$85.9	\$34,434	2.2	4.82	22.6	7.6
2037	1,383,085	7,242	1,104	390	5,273	\$43.7	\$89.8	\$34,735	2.2	4.85	23.4	7.6
2038	1,403,007	7,195	1,121	394	5,253	\$45.8	\$93.9	\$35,042	2.2	4.80	24.3	7.6
2039	1,422,954	7,110	1,138	399	5,249	\$48.0	\$98.3	\$35,379	2.2	4.84	25.2	7.6
2040	1,442,985	7,087	1,155	404	5,250	\$50.2	\$102.8	\$35,741	2.1	4.88	26.2	7.5

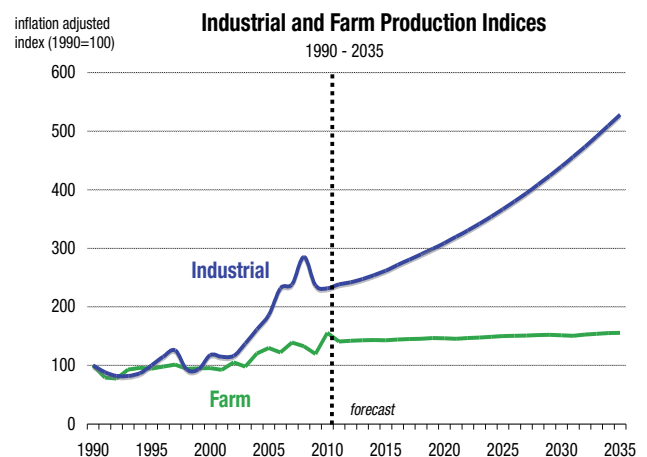
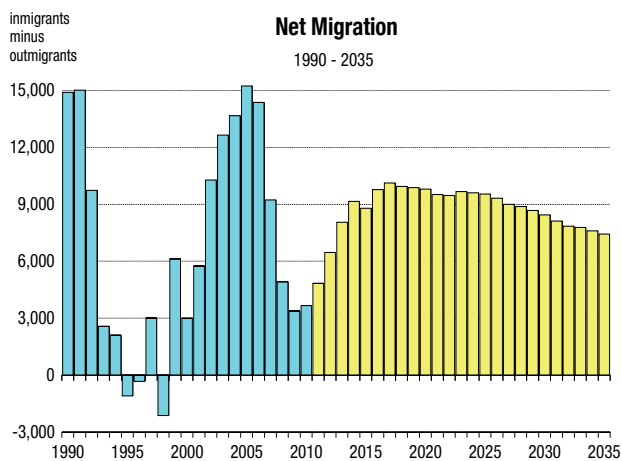
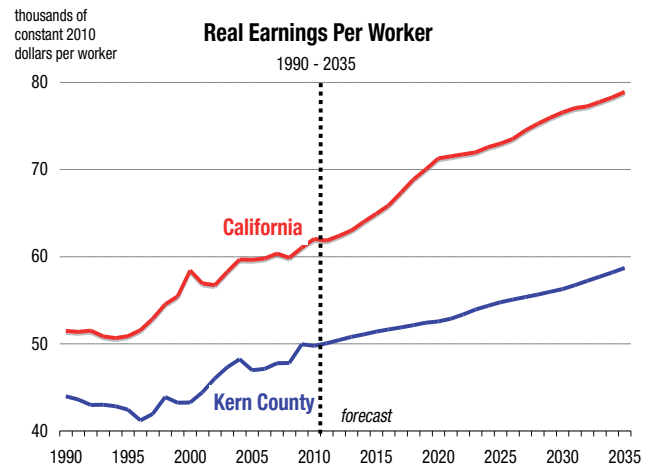
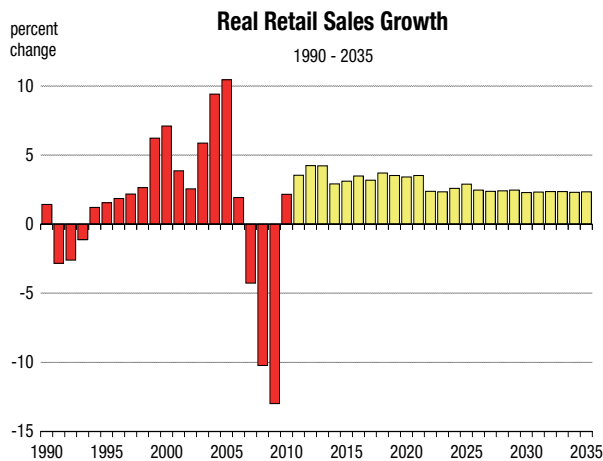


Kern County Employment Forecast

2006-2010 History, 2011-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2006	278.6	45.3	20.0	13.0	9.4	36.9	9.0	25.0	2.7	23.0	20.7	57.7
2007	284.3	45.6	18.4	13.3	9.6	36.9	9.1	26.1	2.8	24.5	21.5	60.0
2008	287.6	49.6	16.5	13.7	9.6	35.1	8.9	25.0	3.0	25.5	21.5	61.5
2009	269.9	42.8	13.1	13.2	8.9	32.8	8.5	23.7	2.8	25.8	20.9	60.8
2010	269.2	44.9	12.2	12.8	8.5	32.6	8.2	23.7	2.6	25.6	20.6	60.8
2011	273.1	45.6	12.7	12.8	8.9	33.3	8.3	24.5	2.6	26.2	21.2	60.1
2012	280.7	46.2	14.6	12.8	9.2	34.3	8.7	25.7	2.6	26.8	21.4	60.5
2013	289.9	46.8	16.8	12.9	9.5	35.5	9.1	26.8	2.6	27.4	22.2	61.6
2014	297.0	47.4	17.9	13.1	9.9	36.6	9.4	28.0	2.7	28.0	22.9	62.2
2015	303.9	47.7	19.0	13.3	10.2	37.7	9.5	29.0	2.7	28.6	23.6	63.1
2016	309.5	48.2	19.3	13.5	10.7	38.9	9.5	29.9	2.8	29.2	24.4	63.5
2017	314.0	48.6	19.5	13.7	11.0	39.6	9.5	30.7	2.8	29.9	25.0	63.9
2018	318.9	49.0	19.6	13.8	11.4	40.3	9.4	31.4	2.8	30.7	25.7	64.7
2019	324.2	49.5	19.6	14.0	11.8	41.0	9.4	32.2	2.9	31.6	26.3	65.8
2020	329.8	49.8	19.7	14.2	12.3	41.7	9.5	33.0	2.9	32.6	26.9	67.1
2021	335.2	49.9	19.6	14.3	12.7	42.6	9.5	34.1	2.9	33.8	27.4	68.1
2022	340.9	50.2	19.7	14.4	13.1	43.3	9.6	35.2	2.9	35.0	27.9	69.0
2023	346.5	50.5	19.8	14.6	13.5	44.0	9.6	36.3	2.9	36.1	28.4	70.0
2024	352.2	50.9	19.7	14.7	13.9	44.7	9.8	37.5	3.0	37.2	28.8	70.9
2025	357.8	51.4	19.7	14.8	14.3	45.5	9.9	38.7	3.0	38.2	29.2	71.8
2026	363.3	51.9	19.6	15.0	14.6	46.2	10.0	40.0	3.0	39.1	29.7	72.7
2027	368.6	52.2	19.5	15.2	14.9	46.9	10.1	41.2	3.0	40.1	30.1	73.6
2028	374.0	52.6	19.4	15.3	15.2	47.7	10.3	42.4	3.0	41.0	30.5	74.5
2029	379.5	53.0	19.4	15.5	15.5	48.5	10.4	43.7	3.0	41.8	31.0	75.3
2030	384.8	53.1	19.4	15.6	15.9	49.2	10.5	44.9	3.0	42.6	31.5	76.2
2031	390.3	53.2	19.4	15.8	16.2	50.0	10.6	46.2	2.9	43.7	32.1	77.1
2032	396.0	53.4	19.4	15.9	16.5	50.7	10.8	47.5	2.9	44.8	32.7	78.0
2033	402.0	53.9	19.3	16.1	16.8	51.5	10.9	48.8	2.9	45.8	33.4	78.9
2034	408.1	54.4	19.4	16.2	17.2	52.3	11.0	50.1	2.9	46.9	34.0	79.8
2035	414.2	54.8	19.4	16.3	17.5	53.1	11.2	51.4	2.9	47.9	34.7	80.8
2036	420.6	55.4	19.4	16.5	17.8	54.0	11.3	52.7	2.9	49.0	35.3	81.7
2037	427.1	56.0	19.4	16.6	18.2	54.8	11.4	54.1	2.9	50.0	36.0	82.6
2038	433.4	56.2	19.4	16.7	18.5	55.7	11.6	55.5	2.9	51.1	36.7	83.6
2039	439.9	56.6	19.5	16.9	18.9	56.6	11.7	57.0	2.9	52.3	37.4	84.6
2040	446.7	57.0	19.5	17.0	19.2	57.5	11.9	58.5	2.9	53.4	38.1	85.5





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	19.3 %
Expected job growth:	13.3 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	16.4 %

Expected population growth:	11.0 %
Net migration to account for:	44.9 %
Expected growth in number of vehicles:	9.7 %

Demographics (2011)

Unemployment rate (June 2011)	15.3 %
County Rank* in California (58 counties):	39th
Working age (16-64) population:	63.4 %

Population with B.A. Degree or higher:	14.2 %
Median Home Selling Price:	\$130,000
Median Household Income:	\$44,251

Quality of Life

Violent Crime rate (2009):	591 per 100,000 persons
County Rank* in California (58 counties):	50th
Average Commute Time to work (2011):	24.4 minutes

High School drop out rate (2009):	25.9 %
Households at/below poverty line:	17.1 %

* The county ranked 1st corresponds to the lowest rate in California